

Generally, mechanical rides are considered amusement devices under the Coin-Operated Amusement Device and Redemption Machine Tax Act, and are subject to an annual license tax of \$15. See, 86 Ill. Admin. Code 460.101. (This is a GIL.)

December 14, 1998

Dear Mr. Xxxxx:

This letter is in response to your letter dated August 4, 1998. We apologize for the delay in responding to your inquiry. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I would like to find out **specifically how revenue from coin-operated kiddie rides are taxed** in your state regarding sales tax. Some states issue decals which replace any sales tax, while some states tax the revenue from kiddie rides and in other states the revenue from coin-operated kiddie rides is exempt.

Please provide me with as much information as possible as it relates to coin-operated kiddie rides and the related sales tax issues.

You may fax information to #### or mail to the above address.

Thank you for your assistance.

This letter will address any sales tax issues regarding coin operated amusement devices. A copy of you letter has been given to our Income Tax Division for a response regarding any income tax issues presented in your letter.

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. The tax is measured by the seller's gross receipts from such sales made in the course of such business. See the enclosed copy of 86 Ill. Adm. Code 130.101. In Illinois, Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See the enclosed copy of 86 Ill. Adm. Code 150.101.

The providing of rides on amusement devices in this State does not constitute the sale of tangible personal property and would not be subject to

Retailers' Occupation Tax liability. However, devices used to provide amusement rides in this State are generally subject to Use Tax liability on the cost price of those devices.

The Coin-Operated Amusement Device and Redemption Machine Tax Act applies to both coin-operated amusement devices and redemption machines. A coin-operated amusement device includes any "...device operated or operable by insertion of coins, tokens, chips or similar objects...which returns to the player thereof no money or property or right to receive money or property..." 35 ILCS 510/1. Generally, mechanical rides are considered amusement devices under that Act, and are subject to an annual license tax of \$15. See the enclosed copies of 86 Ill. Adm. Code 460.101, 460.105, and 460.110.

I hope this information is helpful. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Encl.